MINUTES OF THE
MAG MANAGEMENT COMMITTEE MEETING
January 13, 2010
MAG Office Building - Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Mark Pentz, Chandler, Chair
Susan Daluddung for Carl Swenson, Peoria
George Hoffman, Apache Junction
Charlie McClendon, Avondale
Stephen Cleveland, Buckeye
Gary Neiss, Carefree
* Usama Abujbarah, Cave Creek
Spencer Isom for B.J. Cornwall, El Mirage
Alfonso Rodriguez for Phil Dorchester, Fort McDowell Yavapai Nation
Rick Davis, Fountain Hills
Rick Buss, Gila Bend
* David White, Gila River Indian Community
George Pettit, Gilbert
Ed Beasley, Glendale
Mark Gaillard for John Fischbach, Goodyear
Bill Hernandez, Guadalupe
Sonny Culbreth for Darryl Crossman, Litchfield Park
Scott Butler for Christopher Brady, Mesa
Jim Bacon, Paradise Valley
David Cavazos, Phoenix
John Kross, Queen Creek
* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Dave Richert, Scottsdale
Randy Oliver, Surprise
Charlie Meyer, Tempe
Reyes Medrano, Tolleson
Gary Edwards, Wickenburg
Lloyce Robinson, Youngtown
John Fink for John Halikowski, ADOT
Kenny Harris for David Smith, Maricopa County
David Boggs, Valley Metro/RPTA

* Those members neither present nor represented by proxy.
\# Participated by telephone conference call.
\+ Participated by videoconference call.

1. Call to Order

The meeting was called to order by Chair Mark Pentz at 12:00 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Pentz noted that George Hoffman and Reyes Medrano were participating in the meeting via teleconference.

Chair Pentz introduced and welcomed Terry Doolittle, the Pinal County Manager, to the meeting.

Chair Pentz announced that public comment cards were available to members of the public who wish to comment. He noted that parking garage validation and transit tickets were available from Valley Metro/RPTA for those using transit to come to the meeting.

Chair Pentz noted material at each place: for agenda item #8, material on HR 2847; and for agenda item #11, material provided by the Maricopa County Library District.

3. Call to the Audience

Chair Pentz stated that Call to the Audience provides an opportunity to the public to address the Management Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Chair Pentz noted that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Public comments have a three minute time limit and there is a timer to help the public with their presentations.

Chair Pentz recognized public comment from Dianne Barker, who donned a red hat and stated that she had seen Mr. Harris downtown and he reminded her of the Management Committee meeting. Ms. Barker stated that citizens are concerned and participate and make a lot of difference. She stated that former Scottsdale City Manager Dick Bowers was supportive of citizens. Ms. Barker said that the law says that citizens are to be heard before the consent agenda. She stated that the citizens are being consulted on budget cuts to government budgets. Ms. Barker stated that she came to the meeting by bus and light rail, which were both on time. She stated that wherever she goes she finds promotion of single occupant vehicles. Ms. Barker recounted that when she was at the IRS, staff asked her if they could validate her parking ticket and she asked if they had transit tickets. Ms. Barker expressed concern for the people of Haiti due to the earthquake and she added that her friend, an attorney from Haiti, issued a message that included a number people could call to get involved. Chair Pentz thanked Ms. Barker for her comments.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, reported to the Management Committee on items of interest to the MAG region. He announced that the biennial Desert Peaks awards event will be held following the June 30, 2010, Regional Council meeting. Mr. Smith stated that the due date for applications is March 12, 2010. He noted that awards will be presented for regional excellence in the categories of Public Partnership, Public Private Partnerships, Professional Service, Regional Partnership, and Regional Excellence. Mr. Smith stated that Kelly Taft, MAG Communications Manager, is the MAG contact for the event.

Mr. Smith stated that the Greening Water and Wastewater Infrastructure Workshop, sponsored by MAG through the Arizona Department of Environmental Quality, was held on January 12, 2010, at the University of Arizona Virginia G. Piper Auditorium. He noted that this statewide event was very successful and was attended by approximately 150 people.

Mr. Smith noted that demographic and client information in ten cities and the County, developed by the Department of Economic Security (DES), was at each place. He noted that the DES budget information was also included, and added that the Legislature has reduced the DES budget by 32 percent in the last 18 months. Mr. Smith commented that there are concerns that individuals being served by DES will need to ask municipalities for assistance if the DES budget is reduced further. He commented that the DES budget needs support by MAG.

Mr. Smith stated that the Sun Corridor Joint Planning Resolution was signed by MAG, the Central Arizona Association of Governments (CAAG), and the Pima Association of Governments (PAG), and establishes a Joint Planning Council for the Sun Corridor. He noted that the report entitled, *North American Opportunities and the Sun Corridor*, which discusses opportunities in the Sun Corridor, was at each place.

Mr. Smith then updated members on the possible opportunity for a new Pacific coast megaport at Punta Colonet, Mexico. He reported that on January 12, 2010, Mexico's undersecretary of the Department of Communications and Transportation, Humberto Trevino Landois, says his government will be awarding contracts this year for development of the Punta Colonet megaport and airport. Mr. Smith reported that Mr. Landois said that 20 companies have consulted with his agency on drafting the offer. Mr. Smith noted that the Punta Colonet port is projected to handle four million to six million 20-foot equivalent units (TEUs), and he added that by comparison, the Long Beach port handles 15 million TEUs.

Mr. Smith displayed a map of global trade in the Pacific rim and pointed out that there has been discussion with the Union Pacific to bring freight from the port up through Yuma, which would bypass California. Mr. Smith noted that the lines are included in the *North American Opportunities and the Sun Corridor* report. Mr. Smith displayed a chart that showed that the trip time from Hong Kong to Punta Colonet is the shortest to the interior hubs of Chicago, Dallas and Memphis than Long Beach, Houston, Savannah, and New York. He noted that the Prince Rupert, Canada, port is a similar operation and has an inland port at St. George where they bring goods into the United States, and is thus shorter to Chicago.

Mr. Smith reported that there are two Sun Corridor Studies underway: the Arizona Multimodal Logistics Complex Analysis and the Global Cities Initiative, that is looking at Dubai, the Sun Corridor, and a city in China. He noted that a possible freight study could be approved in the new MAG Work Program. Mr. Smith commented that this is an opportunity to have an inland port in Arizona, which could help the freight movement and airports. Chair Pentz thanked Mr. Smith for his report. No questions for Mr. Smith were noted.

5. Approval of Consent Agenda

Chair Pentz stated that agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, and #5K were on the Consent Agenda. He reviewed the public comment guidelines for the Consent Agenda. Chair Pentz noted that no public comment cards had been received.

Chair Pentz asked if any member of the Committee had questions or a request to have a presentation on any Consent Agenda item. None were noted.

Mr. Cleveland moved to recommend approval of Consent Agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, #5J, and #5K. Mr. Pettit seconded, and the motion carried unanimously.

5A. Approval of November 18, 2009, Meeting Minutes

The Management Committee, by consent, approved the November 18, 2009, meeting minutes.

5B. On-Call Consulting Services Selection for Intersection and Freeway Data Collection and Analysis

The Management Committee, by consent, recommended approval of the list of on-call consultants for the area of Expertise A (Intersection Traffic Data Collection and Analysis): CivTech, Lee Engineering, Midwestern Software Solution, Quality Traffic Data, Traffic Research and Analysis, United Civil Group and Y.S. Mantri Associate; and for Area of Expertise B (Aerial Photography Survey on Freeway Level of Service and Intersection Queue Length): Skycomp and United Civil Group, for the MAG Intersection and Freeway Data Collection and Analysis, for a total amount not to exceed $350,000. The fiscal year (FY) 2010 MAG Unified Planning Work Program and Annual Budget includes $350,000 for on-call consulting services for intersection and freeway data collection and analysis. The purpose of the project is to facilitate numerous dataset updates to support transportation planning needs. Eight proposals were received in response to a request for qualifications that was advertised on October 15, 2009, for technical assistance in two areas of expertise. On December 3, 2009, a multi-agency evaluation team reviewed the Statements of Qualifications (SOQs) and unanimously recommended to MAG approval of the list of on-call consultants: Area of Expertise A (Intersection Traffic Data Collection and Analysis): CivTech, Lee Engineering, Midwestern Software Solution, Quality Traffic Data, Traffic Research and Analysis, United Civil Group and Y.S. Mantri Associate; Area of Expertise B (Aerial Photography Survey on Freeway Level of Service and Intersection Queue Length): Skycomp and United Civil Group.

5C. Consultant Selection for the Central Phoenix Transportation Framework Study

The Management Committee, by consent, recommended that Wilson & Company be selected to conduct Phase I of the Central Phoenix Transportation Framework Study for an amount not to exceed $600,000. The fiscal year (FY) 2010 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2009, includes $600,000 to conduct Phase I of the Central Phoenix Transportation Framework Study. This is a multi-year/multi-phase project and at MAG's discretion, the selected consultant may also be retained to complete additional phases of the project. Future phases of the project will be subject of separate contracts to be authorized at a future date by MAG. The study area is bounded by the Loop 101/Agua Fria-Pima freeways on the north, Loop 101/Pima-Price Freeways on the east, the Gila River Indian Community on the south, and the 99th Avenue-Loop 101 Agua Fria Freeway corridor on the west. This study includes portions of or all of the Cities of Chandler, Glendale, Paradise Valley, Peoria, Phoenix, Tolleson, Scottsdale, and Tempe, and the Town of Guadalupe. This study will develop a multi-modal transportation framework for the study area that will likely be implemented at multiple jurisdictional levels. The Request for Proposals was advertised on October 23, 2009. Four proposals were received from Wilbur Smith Associates, Kimley Horn and Associates, Burgess and Niple, and Wilson & Company. A multi-agency proposal evaluation team consisting of MAG member agencies and MAG staff reviewed the proposal documents and, on December 14, 2009, the proposal evaluation team recommended to MAG the selection of Wilson & Company to conduct phase I of the project in an amount not to exceed $600,000.

5D. Status Report on the Performance Measurement Framework and Congestion Management Update Study

Proposition 400 was passed by Maricopa County voters in November 2004 extending the half cent sales tax through 2025 and establishing legislative statutes that require MAG to develop a multimodal performance monitoring program for the regional transportation system. Beginning in 2010 and every five years thereafter, ARS 28-6313 requires the Auditor General to contract with an independent auditor to conduct a performance audit of the regional transportation plan and projects scheduled for funding during the next five years. The MAG Regional Performance Report completes Phase II of the Performance Measurement Framework and Congestion Management Update Study. A summary of analysis and findings is provided as well as an overview of the Technical Advisory Group collaborative participation on this process. This item was on the agenda for information and discussion.

5E. FY 2011 MAG Human Services Coordination Transportation Plan

The Management Committee, by consent, recommended approval of the FY 2011 MAG Human Services Coordination Transportation Plan. The federal Safe and Efficient Transportation Equity Act - A Legacy for Users (SAFETEA-LU) requires the establishment of a locally developed, coordinated public transit-human services transportation plan for all Federal Transit Administration programs for underserved populations: the Elderly Individuals and Individuals with Disabilities program (Section 5310); the Job Access and Reverse Commute program (Section 5316); and the New Freedom program (Section 5317). MAG has developed this coordination plan each year in compliance with this requirement since 2007. The fiscal year (FY) 2011 MAG Human Services Coordination Transportation Plan was recommended for approval by the MAG Human Services Technical Committee on December 10, 2009.

5F. Project Changes - Amendments and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program

The Management Committee, by consent, recommended approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update. The fiscal year (FY) 2008-2012 Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP) 2007 Update were approved by the MAG Regional Council on July 25, 2007. Since that time, there have been requests from member agencies to modify projects in the program. To move forward with project implementation for FY 2010, the Arizona Department of Transportation (ADOT) has requested a new pavement preservation project, and project cost modifications to three projects. There are also two new STP-TEA, Enhancement, projects to be added to the TIP led by Valley Metro. In addition, there are three Congestion Mitigation and Air Quality (CMAQ) funded projects: a Fountain Hills pedestrian project (FTH11-701) in 2011, a Chandler ITS project (CHN11-704) in 2011, and a Surprise ITS project (SUR11-715) in 2011 requesting changes to the locations of their projects. Each of the projects was heard and voted on for approval at their technical advisory committee. All of the projects to be amended may be categorized as exempt from conformity determinations and an administrative modification does not require a conformity determination.

5G. American Recovery and Reinvestment Act (ARRA) Monthly Status Report

A Status Report on the American Recovery and Reinvestment Act (ARRA) funds dedicated to transportation projects in the MAG region details the status of project development as of November 24, 2009. The report covers highway, local, transit, and enhancement projects programmed with ARRA funds and the status of project development milestones per project. This item was on the agenda for information and discussion.

5H. Status of Remaining MAG Approved PM-10 Certified Street Sweeper Projects That Have Not Requested Reimbursement

On September 16, 2009, a status report was provided to the MAG Management Committee on the remaining PM-10 certified street sweeper projects that have received approval, but have not requested reimbursement. To assist MAG in reducing the amount of obligated federal funds carried forward in the MAG Unified Planning Work Program and Annual Budget, MAG is requesting that street sweepers be purchased and reimbursement be requested by the agency within one year plus ten calendar days from the date of the MAG authorization letter. A new status report is provided in the attached table. Previously, at the June 10, 2009 MAG Management Committee meeting, discussion took place on the implications of delaying the expenditure of MAG Federal Funds. In addition to projects listed in the Transportation Improvement Program, street sweepers were given as an example. In some cases approved sweeper projects have taken up to three years to request reimbursement. The delay in requesting reimbursement for street sweepers results in obligated federal funds being carried forward in the MAG Unified Planning Work Program and Annual Budget. The Federal Highway Administration has expressed concern regarding the amount of obligated funds being carried forward in the Work Program. To assist MAG member agencies in tracking the purchase of approved sweepers, periodic updates will be provided on the status of the reimbursement requests. The purchase of PM-10 Certified Street Sweeper Projects supports the committed measure "Sweep Streets with PM-10 Certified Street Sweepers" in the MAG 2007 Five Percent Plan for PM-10. Also, it is important to note that for the conformity analysis for the Transportation Improvement Program and Regional Transportation Plan, MAG only takes emission reduction credit for approved street sweeper projects that have received reimbursement. This item was on the agenda for information and discussion.

5I. Recommendation of Prioritized List of Proposed PM-10 Certified Street Sweeper Projects for FY 2010 CMAQ Funding

The Management Committee, by consent, recommended approval of a prioritized list of proposed PM-10 Certified Street Sweeper Projects for FY 2010 CMAQ funding. The MAG Five Percent Plan for PM-10 contains the committed control measure "Sweep Streets with PM-10 Certified Street Sweepers" to reduce particulate matter that becomes airborne from vehicle travel on paved roads. To address particulate matter on paved roads, the fiscal year (FY) 2010 MAG Unified Planning Work Program and Annual Budget and the FY 2008-2012 MAG Transportation

Improvement Program contain $1,310,000 in FY 2010 Congestion Mitigation and Air Quality (CMAQ) funding to encourage the purchase and utilization of PM-10 Certified Street Sweepers. An additional $354,018 in CMAQ is available from sweeper projects that have been requested to be deleted and from savings on sweepers that have cost less than anticipated, for a total amount of $1,664,018. All of the nine sweeper projects for FY 2010 may be funded with the $1,664,018 in available CMAQ. On December 10, 2009, the MAG Air Quality Technical Advisory Committee (AQTAC) recommended a prioritized list of proposed PM-10 Certified Street Sweeper Projects for FY 2010 CMAQ funding. Consistent with federal CMAQ guidance, MAG staff evaluated the sweeper projects using the April 16, 2009 Methodologies for Evaluating CMAQ Projects for estimated emission reductions and cost-effectiveness based on federal funds requested. In addition, the Committee considered other data such as emission reductions, proximity to PM-10 monitors, frequency of sweeping, geographical area to be swept, expansion of areas to be swept, and number of certified street sweepers already purchased. According to the Draft FY 2009 MAG Federal Fund Programming Principles, project applications are to be reviewed by the MAG Street Committee. On October 13 and November 10, 2009 the Street Committee conducted a review of the PM-10 Certified Street Sweeper project applications. A final review of the sweeper applications, including any clarified information from the applicant, was provided at the Street Committee meeting on November 10, 2009.

5J. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on a conformity assessment for an amendment and administrative modification to the FY 2008-2012 MAG Transportation Improvement Program (TIP). The proposed amendment involves several projects, including Arizona Department of Transportation projects for FY 2010. The amendment includes projects that are exempt from a conformity determination and the administrative modification includes minor project revisions that do not require a conformity determination. Comments on the conformity assessment are requested by January 22, 2010. This item was on the agenda for consultation.

5K. Discussion of the Development of the Fiscal Year 2011 MAG Unified Planning Work Program and Annual Budget

Each year, the MAG Unified Planning Work Program and Annual Budget is developed in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies in the spring and approved by the Regional Council in May. Because of the continuing uncertainty of economic conditions, MAG staff is recommending that the calculation of draft Dues and Assessments for FY 2011 be maintained at the same level approved for fiscal year 2010. A fifty-percent reduction to the dues and assessment total was approved in the FY 2010 budget. The reductions in the Dues and Assessments for fiscal year 2011 costs would continue to be covered by MAG reserve funds. In the January 10 and February 14, 2005 MAG Regional Council Executive Committee meetings the committee discussed that a minimum dues and assessments amount be set to cover some administrative costs of MAG committee meetings. The minimum amount of $350 for MAG Dues and Assessments was recommended in the February 14, 2010, meeting and this amount was adopted in the FY 2006 MAG Unified Planning Work Program and Annual Budget. The minimum dues and assessments amount has been approved in the MAG Budgets for FY 2006 through FY 2009. The minimum dues and assessments for our members was waived in the FY 2010 MAG Budget. The MAG draft Dues and Assessments for FY 2011 are presented with each of the options for your review and discussion: Attachment A: With the minimum dues and assessments applied, and Attachment B: Without the minimum dues and assessments applied. Applying the minimum dues and assessments increases the dues for four members including the Town of Carefree, the Fort McDowell Yavapai Nation, the Town of Gila Bend, and the Gila River Indian Community. This slight increase for each of the four members has the effect of a slight decrease in dues for the remaining members. This overview of MAG's draft Dues and Assessments for FY 2011 (Attachments A and B) provides an opportunity for early input into the development of the FY 2011 Work Program and Budget. The draft Dues and Assessments documents are footnoted for your information. The population numbers used in the draft Dues and Assessments calculation are updated using the most recently approved population estimates for 2009 as indicated on the draft Dues and Assessments for FY 2011 in Attachments A and B. The information in the footnotes to the draft Dues and Assessments, (b), (c), (e), (f), (g) and (h) remains the same from prior years and describes the calculations for the 9-1-1 Planning Assessment, the Homeless Prevention Assessment and the county portion of the population calculation, respectively. The draft Dues and Assessments increase each fiscal year is calculated using the average CPI-U from the prior calendar year. Because of the continuing uncertainty of economic conditions, MAG staff is proposing no overall increase in draft Dues and Assessments for FY 2011. The recommended overall total for the draft Dues and Assessments remains the same as fiscal year 2010, with changes for individual members because of population shifts and, if approved, the application of minimum dues and assessments. A draft budget timeline is included for your review as Attachment C. The webinar presentation of the draft budget is tentatively scheduled for Thursday, February 25, 2010 at 1:30 p.m. in the MAG Palo Verde Room. An invitation to the MAG fiscal year (FY) 2011 Budget Webinar will be included in the February Management Committee material. This item was on the agenda for information and input on the development of the fiscal year (FY) 2011 MAG Unified Planning Work Program and Annual Budget.

6. <u>ADOT Budget Update</u>

John Fink, Assistant Director and Chief Financial Officer for ADOT, provided an update on the status of the ADOT budget and revenue collections. He displayed a slide that showed the Highway Users Revenue Fund (HURF) collections since 2001. Mr. Fink commented that HURF experienced positive growth until 2007, and it declined 2.8 percent in FY 2008, 7.1 percent in FY 2009, and 7.4 percent in the first six months of FY 2010.

Mr. Fink displayed a chart of the percentage change in the Regional Area Road Fund (RARF) since 2001. He said that as with the HURF, RARF revenues were growing through FY 2007, but beginning in FY 2008, revenue declined 3.2 percent. Mr. Fink advised that RARF revenue was down 13.7 percent in FY 2009 and down 13.6 percent in the first five months of FY 2010.

Mr. Fink stated that the next group of slides showed transportation revenue growth on a 12-month moving average per category. He stated that the gas tax, which is the largest component of HURF, peaked in FY 2007 and revenue is currently at approximately $455 million, about nine percent below peak. Mr. Fink stated that we have returned to March 2004 levels, but the good news is that the gas tax revenue appears to be stabilizing and even improving slightly because collection was 4.8 percent higher in December 2009 than in December 2008.

Mr. Fink stated that the vehicle license tax (VLT) peaked at about $395 million and is currently at about $340 million. He commented that we are at September 2005 levels and about 14 percent below peak. Mr. Fink noted that the decline has not stabilized, yet it is not quite as severe.

Mr. Fink stated that retail sales is the largest component of the RARF, and it peaked at about $188 million. He noted that it is currently at about $146 million, which is the July 2004 level, down 22 percent from peak. Mr. Fink stated that they are seeing slowing in the rates of decline, but it has not stabilized.

Mr. Fink stated that contracting revenue is at the same level as 1999. He reported that it was about $74 million at the peak and is now about $37 million, a decrease of 50 percent from peak.

Mr. Fink displayed a graph prepared by the Governor's Office that highlights the deficit that began in 2008. He stated that as a result of the State's budget issues, the ADOT budget was impacted by transfers over the past nine years of about $542 million from HURF and the State Highway Fund to the Department of Public Safety (DPS). Mr. Fink noted that this was $407 million over the amount allowed by statute in additional transfers. In addition, Mr. Fink stated that transfers to DPS and the State's general fund from the VLT over the past nine years total about $248 million.

Mr. Fink displayed a chart of the State Highway Fund low cash balance by month from FY 2007 to FY 2010. He explained that since February 2008, at some point, the State Highway Fund ran a negative balance which was to be covered with other funds. Mr. Fink stated that the declines have become fairly dramatic as the impacts from the transfers become known. He pointed out that this chart did not show the number of days each month where the State Highway Fund runs a negative balance. He added that until this fiscal year, there were two to three days per month when this would occur, but over the last several months, the fund has run a negative balance almost every day.

Mr. Fink then showed a chart that illustrated how much the HURF revenue projections have changed. He said that the official projections for FY 2010 through FY 2019, which were done in September 2008, showed a projection of revenue of about $18 billion and a growth rate of about 4.9 percent. Mr. Fink stated that when the projections were revised in September 2009, the revenue was forecast at about $14.5 billion and a 3.6 percent growth rate. Mr. Fink noted that this is a variance of about $3.6 billion. Mr. Fink also pointed out the distributions of HURF revenue to show the impact to cities, towns, and counties. He advised that he recommended the revised September 2009 forecast be lowered another $2.5 million.

Mr. Fink stated that the RARF revenue projection for FY 2010 to FY 2026 that was done in September 2008 forecast revenue of about $12.1 billion. He said that ADOT developed an interim forecast in January 2009 when they realized the forecast was not achievable and it showed revenue at about $10.3 billion. Mr. Fink stated that in September 2009, when ADOT developed the official projections, the revenue forecast was reduced to about $9.9 billion, a reduction of about $2.2 billion in one year. He commented that based on how the RARF collections are running, he thought the September 2009 forecast was optimistic.

Mr. Fink stated that ADOT's FY 2007 budget appropriated by the Legislature was about $391.8 million and the FY 2010 budget had risen to $426.2 million. He advised that ADOT can only execute a budget to the extent it has cash. He indicated that beginning in 2009, as a result of revenue declines and transfers, the State Highway Fund had only $360 million and ADOT was compelled to reduce its operating budget by about $60 million less than appropriated. Mr. Fink stated that the situation was more acute for FY 2010 and ADOT anticipates having only $320 million, about $106 million less than appropriated.

Mr. Fink stated that as a result, they have had to resort to a number of activities to address the shortfall, including closing rest areas and motor vehicle division offices. He said they have laid off about 115 employees, which is in addition to the 600 positions that are unfilled out of 4,700 total positions.

Dennis Smith asked if one of the potential issues was matching federal funds and was ADOT using bond funds for that purpose. Mr. Fink replied that ADOT is currently operating a federal aid only program. He noted that fortunately, the stimulus funds do not require a match. Mr. Fink stated that ADOT is almost exclusively matching federal aid projects with bond funds and they have no state funds. He explained that they have limited bond funds available for that purpose. Mr. Fink reported that by his calculations, the bond funds will be exhausted in 2012 and there will be no additional HURF bonding capacity until 2014.

Mr. Meyer asked if there were restrictions for moving funds to DPS or to the general fund. Mr. Fink replied that there are constitutional restrictions on the use of HURF for highway purposes, but that includes the Highway Patrol, and allows up to $130 million in transfers to DPS per year. Mr. Fink stated that the other issue is that the VLT is not constitutionally or statutorily restricted until the funds are deposited into the State Highway Fund. He said that the Legislature has been diverting the VLT funds before they get into the revenue stream and thus avoids the statutory restriction.

7. Unobligated American Recovery and Reinvestment Act Local Funds - Technical Programming Modifications

Eileen Yazzie, MAG Transportation Program Manager, addressed the Committee on recent discussions regarding the anticipated unobligated Local/MPO American Recovery and Reinvestment Act (ARRA) funds. She noted that on December 9, 2009, the MAG Regional Council approved the policy and programming recommendations for programming unobligated American Recovery and Reinvestment Act (ARRA) Local funds, due to either projects not obligating or project cost savings. Ms. Yazzie stated that since the approval, the Transportation Review Committee met and recommended further technical modifications to lower the risk of not obligating project savings or not meeting the deadlines.

Ms. Yazzie stated that the Transportation Review Committee recommended that the local agency with the ARRA project savings will have local discretion to move the project savings to another existing ARRA project in that jurisdiction, and/or swap the ARRA funds with ADOT-STP funds and move the project savings to an eligible project that is above $200,000 and can obligate before September 30, 2010, including new projects. In addition, the Committee recommended that any jurisdiction that cannot meet the $200,000 threshold and obligation deadline of September 30, 2010 will return the project savings to the regional pool for reallocation. Chair Pentz thanked Ms. Yazzie for her report. No questions from the Committee were noted.

Mr. Pettit moved to recommend approval that the guidelines for programming unobligated American Recovery and Reinvestment Act (ARRA) Local funds that were approved by the MAG Regional Council on December 9, 2009, be modified in order that the local agency with the ARRA project savings will have local discretion to move the project savings to another existing ARRA project in that jurisdiction, and/or swap the ARRA funds with ADOT-STP funds and move the project savings to an eligible project that is above $200,000 and can obligate before September 30, 2010, including new projects. Any jurisdiction that cannot meet the $200,000 threshold and obligation deadline of September 30, 2010 will return the project savings to the regional pool for reallocation. Mr. Cavazos seconded, and the motion carried unanimously.

8. Proposed Federal Economic Stimulus Legislation

Eric Anderson reported on the potential Stimulus II legislation. He stated that a letter from the ADOT Director, John Halikowski, was at each place that detailed the Jobs for Main Street bill that the U. S. House of Representatives passed in December. Mr. Anderson noted that it passed by a close vote of 217-212, and is now on its way to the Senate, where it is speculated that it could face a tough road due to concern in the Senate for the federal deficit. He added that another possibility is that the provisions in this bill could be incorporated into the 2010 appropriations bill.

Mr. Anderson stated that the funding levels for this legislation are the same as the ARRA legislation. He reported that this region will probably receive about $200-$250 million for highways and local transportation projects and perhaps another $60-$65 million for transit. Mr. Anderson stated that one important provision is the "use it or lose it" provision. He advised that the Stimulus II bill requires 50 percent of the highway funding and 50 percent of the transit funding be under contract in 90 days. Mr. Anderson noted that the ARRA legislation required 50 percent of the ADOT funds be spent within 120 days. Mr. Anderson stated that under the 90-day provision, not only does the project have to go to bid, but also be awarded and the contract signed.

Mr. Anderson stated that if the bill passes, it is anticipated that the President would sign it about the first of February. He indicated that he thought Federal Highway Administration is looking at having a three-week period to do the apportionment. Mr. Anderson stated that policy discussion of how to approach the programming of highway and transit projects is anticipated at the Transportation Policy Committee (TPC) meeting January 20. Mr. Anderson stated that ADOT has indicated it needs lead time to get projects ready to go, and this month the TPC and Regional Council could consider a possible TIP amendment for two ADOT design build projects: HOV lanes on the Santan and HOV lanes to complete the Loop 101 system.

Chair Pentz thanked Mr. Anderson for his report and asked members if they had questions.

Mr. McClendon asked if it was even possible for ADOT to get contracts out in 90 days. Mr. Anderson replied that MAG staff has begun meeting weekly with ADOT on this legislation. He said that ADOT has indicated that the two design build projects could almost be ready to go in that period of time and be executed in that timeframe. Mr. Anderson commented that there is no practical way to conduct a traditional bid process and that is why ADOT would like MAG to move the TIP amendment through the MAG process. Mr. Anderson remarked that if these provisions remain in the bill it will be a very difficult process. He added that the best option for the MAG region is to rely on ADOT projects. Mr. Anderson advised that the Local ARRA projects are just now going to bid, and trying to process another $100 million in local projects is almost impossible to program in the 90-day period.

Mr. Oliver asked if the environmental requirements had been cleared. Mr. Anderson replied that one of the projects is almost cleared and the other has been cleared. He noted that this is one of the criteria ADOT looked at, and he added that there are just not that many projects out there that could qualify. Mr. Anderson stated that they looked if there was an opportunity to do design build on the three projects on the section of Loop 303 between I-10 and US-60 that has been environmentally cleared, however that is in the final design right now and they do not think they can be converted to design build projects in the short timeframe. Mr. Anderson advised that the Loop 303 projects are fully funded and scheduled to go out to bid in July.

9. Lawsuit Filed by the Arizona Center for Law in the Public Interest for PM-10

Lindy Bauer, MAG Environmental Programs Director, provided a presentation on the lawsuit filed by the Arizona Center for Law in the Public Interest for PM-10. Ms. Bauer stated MAG submitted the Five Percent Plan for PM-10 to the Environmental Protection Agency (EPA) two years ago. She noted that PM-10 is the most difficult air quality issue in the MAG region. Ms. Bauer indicated that the Five Percent Plan for PM-10 was required by the Clean Air Act, because this region is a Serious PM-10 nonattainment area and the region failed to attain the standard by the deadline of December 31, 2006. Ms. Bauer mentioned that MAG submitted the Plan to EPA by December 31, 2007. She stated that the Plan met the requirements showing a five percent reduction in PM-10 emissions by using 53 new committed measures in the Plan, including measures for sand and gravel, vacant lots, and the ban of leaf blowers. Ms. Bauer added that five percent emission reductions were for 2008, 2009 and 2010, and said that the modeling demonstrates attainment by 2010. Ms. Bauer advised that in order for the region to be deemed in attainment by EPA, the region needs three years of clean data at all PM-10 monitors in 2008, 2009 and 2010.

Ms. Bauer stated that EPA has not acted to approve or disapprove the MAG Five Percent Plan for PM-10, and, according to the Clean Air Act, EPA was to take action by June 30, 2009. Ms. Bauer indicated that on August 4, 2009, the Arizona Center for Law in the Public Interest submitted a letter with a notice of intent to sue EPA for not acting on the Plan. She commented that the Arizona Center for Law in the Public Interest filed a lawsuit on December 2, 2009 asking the court to order EPA to propose approval or disapproval of the Plan within one month and finalize the action within three months.

Ms. Bauer stated that if the EPA proposes disapproval of the Plan, in whole or part, sanctions would be imposed if the problem is not corrected within 18 months from the proposed finding of disapproval. She noted that then the first sanction would fall – tighter controls on major industries (2:1 offsets in emissions). Ms. Bauer stated that within 24 months from proposed finding of disapproval would be the loss of federal highway funds ($1.1 billion would be at risk in MAG Transportation Improvement Program), and a federal implementation plan would be imposed. Ms. Bauer stated that the imposition of highway sanctions may trigger a conformity lapse and major projects in the Transportation Improvement Program could not proceed, regardless of funding source.

Ms. Bauer then addressed current issues with the Five Percent Plan. She said that the Plan is based on a 2005 PM-10 emissions inventory, and with the downturn in the economy since then, the mix of sources in the emissions inventory has changed. Ms. Bauer advised that another issue is the exceedances of the PM-10 standard in 2008 and 2009. She explained that the ADEQ has documented 11 of 12 exceedance days in 2008 as exceptional/natural events, which means they were not caused by violations or human activities but by high wind. Ms. Bauer stated that MAG staff has reviewed the documentation and agrees with the ADEQ documentation for 2008. She stated that some or all of the seven exceedance days in 2009 may be exceptional/natural events, but ADEQ is still evaluating the events and has not yet submitted documentation to EPA.

Ms. Bauer displayed onscreen a bar chart that illustrated the days that the 24-hour PM-10 standard was exceeded in Maricopa County. She noted that MAG monitors exceedances closely and pointed out that the exceptional events in this region are primarily caused by high winds.

Ms. Bauer advised that if EPA does not agree with the ADEQ exceptional/natural events documentation, MAG would not have a clean year at the monitors and may need to add more measures to reduce emissions by five percent per year until attainment, as measured at the monitors; will need to revise the air quality modeling in the Five Percent Plan; and will need three years of clean data at all PM-10 monitors for attainment.

Ms. Bauer stated that MAG, Maricopa County and ADEQ are updating the PM-10 emissions inventory for 2008. She added that MAG has prepared its piece on mobile source emissions and provided it to the County. Ms. Bauer stated that MAG is providing assistance to EPA in reviewing the Five Percent Plan and the ADEQ documentation of the exceptional events. She said that MAG also is collecting additional field data during windy and stagnant days in order to help EPA understand the nature of the exceptional events.

Ms. Bauer stated that MAG staff thinks that the MAG region stands a chance if the EPA agrees with the ADEQ exceptional/natural events. She advised that if at all possible, MAG plans to address the issues before the EPA proposes action on the Plan, and she added that the EPA timeline is unknown. Ms. Bauer stated that it is imperative that violations at the monitors be prevented. She expressed that it is absolutely critical for this region to be in attainment. Chair Pentz thanked Ms. Bauer for her report.

Mr. Smith stated that the question is which budget MAG will use for conformity if all or parts of the plan are withdrawn. He advised that the region will have big problems if it cannot make conformity, and everyone needs to work together as a state to get as much flexibility as possible. Mr. Smith noted that the one exceedance was a farmer plowing around the Durango monitor. He advised that there are several monitors involved, but the west 43rd monitor is the most problematic. Mr. Smith stated that scientists at Sierra Research, a renowned environmental consulting firm, are working on what is making the monitor issue an alarm: is it riverbed silt or is it an industrial source? Mr. Smith stated that this region needs to get on top of the situation, or road construction projects cannot proceed. Mr. Smith stated that this item is on the January 19, 2010, Executive Committee agenda, and is posted for a possible executive session. Chair Pentz thanked Ms. Bauer and Mr. Smith. No questions from the Committee were noted.

10. <u>Pinal County Comprehensive Plan</u>

Terry Doolittle, Pinal County Manager, expressed appreciation for the opportunity for Pinal County to address the MAG Management Committee on the adopted Pinal County Comprehensive Plan. Mr. Doolittle also thanked Dennis Smith and MAG staff for their technical support in building the planning division of the Central Arizona Association of Governments. He introduced Ken Buchanan, Pinal County Assistant Manager, and Jerry Stabley, Pinal County Planning Director.

Mr. Doolittle stated that more than three years ago, the Morrison Institute surveyed community leaders on their vision for Pinal County. He noted that Pinal County then initiated an update of the Pinal County Comprehensive Plan. Mr. Doolittle stated that Pinal County grew from 190,000 to 350,000 in an eight-year period. He stated that Pinal County is a hybrid of the Maricopa County annexation growth model and the Pima County unincorporated spaces pattern. Mr. Doolittle stated that one main emphasis is to bridge that gap with their municipalities for their growth areas and they are coordinating with municipalities on annexations.

Mr. Stabley then continued the presentation by saying that the Pinal County Board of Supervisors adopted the comprehensive plan update in November 2009. He pointed out that Pinal County is right in the middle of the Sun Corridor, and they anticipate much of the growth will take place in Pinal County. Mr. Stabley displayed maps developed by MAG that showed a population of five million in 2007 is projected to be ten million in 2040, and much of the growth will be converging in Pinal County from Maricopa County and Tucson. He added that the City of Chicago has a population of 10 million.

Mr. Stabley stated that the Pinal County Board of Supervisors created the Pinal County government vision to provide progressive and proactive leadership in the areas of economic development, state-of-the-art technologies, growth management and public services to promote healthy and safe communities.

Mr. Stabley stated that staff created a growth planning initiative, which is one of the major elements in the comprehensive plan update. He stated that the Morrison Institute completed its study in July 2007, and it helped Pinal County realize that the future was in their hands.

Mr. Stabley stated that the comprehensive plan is similar to a general plan. He said it is an official policy guide for physical development and conservation and a plan to anticipate and direct growth.

Mr. Stabley stated that the comprehensive plan forms the base of the planning pyramid: without a strong foundation you cannot do good planning.

Mr. Stabley stated that the comprehensive plan is a community-driven plan, and he noted that nearly 2,000 people, including the development community, participated in 46 workshops, forums and other events. He stated that this resulted in the Pinal Vision and the comprehensive plan was based on that.

Mr. Stabley stated that sustainability makes this plan unique. The plan consists of economic, environmental, and social elements. Mr. Stabley stated that although not required, they included an economic development element, due to citizens' concerns for jobs for their children and grandchildren. He noted that economic development includes activity centers and an airport and pointed out the employment uses were designated in the plan. Mr. Stabley stated that places that would be very good for employment, such as proximity to an airport, freeways or rail, were not set aside in the past plan.

Mr. Stabley stated that Pinal County has not kept pace in job growth with the rest of the state. He noted that Maricopa and Pima Counties have grown at a similar pace yet have maintained or increased their ratio. Mr. Stabley stated that the economic stability of Pinal County hinges upon its ability to increase the jobs per capita ratio from 200 to approximately 500 jobs per 1,000 residents, which is the ratio in Maricopa and Pima Counties. He noted that if Pinal County continues to be a bedroom community, it will impact its ability to provide services, and he added that the goal is to bring more jobs to the region so there will be an opportunity for residents to live, work and play in their community.

Mr. Stabley stated that mixed use activity centers will help Pinal County accomplish job development. He explained that there are three levels: Low Intensity - approximately 100 acres with a mix of professional office, commercial, tourism and hospitality uses, as well as medium to high density residential. Mid Intensity - approximately 500 acres with a mix of clustered professional office, commercial, tourism and hospitality uses, medical, and medium to high density residential. High Intensity - approximately 1,000 or more acres with a mix of professional office, business parks, and industrial often in a campus-like setting, as well as high and medium density residential.

Mr. Stabley displayed a land use planning map and noted that the red dots indicated activity centers, and he commented that Pinal County is larger than three eastern states. He pointed out the light blue area is the area proposed for an airport, and indicated that the map included a list of activity centers and uses.

Mr. Stabley then returned to the airport he mentioned earlier and said that they are calling it an aviation-based commerce center. He described that they anticipate an airport the size of Tucson International Airport and it would be a supplemental airport to both Tucson and Sky Harbor airports. Mr. Stabley commented that they anticipate having a population in 30 to 40 years to support that size of an airport. He stated that the airport could be an economic development tool in their toolbox.

Mr. Stabley then addressed the social element, and stated that the comprehensive plan is unique in that it incorporates the general plans of the county's cities and towns. He stated that it is unusual for a county at this stage of development to plan for transit, but they focused on being able to link all of the activity centers and that is one of their long-term goals. Mr. Stabley added that by having a plan in place, they will be able to take advantage if an opportunity for transit presents itself.

Mr. Stabley addressed the environmental element and stated that the open space plan was adopted a couple of years ago, and shows a large portion of the eastern part of the County as protected open space. He added that they have plans for a regional park system, similar to Maricopa County's, but a lot of work is still to be done on this and they will be working with the State Land Department and property owners.

Mr. Stabley addressed the energy element by saying that Pinal County has a unique opportunity to be a leader in sustainability through prudent energy management. He stated that unlike many areas of the U.S. where the majority of the built environment is decades old, most of Pinal County's built environment has not yet been constructed. Mr. Stabley commented that using energy efficient materials and planning techniques is much easier and more cost effective for new construction than trying to retrofit older structures. Chair Pentz thanked Mr. Doolittle and Mr. Stabley for attending the meeting and for the presentation. No questions from the Committee were noted.

11. <u>Maricopa County Library District Reciprocal Borrowing Agreement</u>

Harry Courtright, Director of the Maricopa County Library District, stated that the material provided to the committee by the District included the District's plan of service and duties. He explained that the District's primary service area is the unincorporated area of Maricopa County, and its purpose is to provide service to those who would not have library service otherwise. Mr. Courtright noted that there are an estimated 650,000 people in the unincorporated portion of the County.

Mr. Courtright stated that the District will provide electronic resources to any library in Maricopa County. He noted that the District provides a reciprocal borrowing program that he would address later in his presentation. Mr. Courtright stated that the District will provide direct service to underserved or disadvantaged communities, which are defined as communities that serve 50,000 people or less. He added that if a community of 50,000 or less signs an agreement with the District and provides and maintains a building for the library, the District will pay 100 percent of the library's operating costs, but not the cost of the building. Mr. Courtright noted that the Town of Gila Bend and the City of El Mirage, for example, have signed such agreements.

Mr. Courtright explained that an intergovernmental agreement also could be signed between a community of 50,000 or more people and the District. He further explained that the community would provide the building and the District will provide 100 percent of the cost of operating the building for the first year. He stated that over the five years of the agreement, the percentage paid by the District would decrease while the percentage paid by the community would increase, until at the end of the five years, 100 percent would be paid by the community. Mr. Courtright advised that if desired, the District would continue to operate the community's library after the five-year agreement is finished. He gave as an example the Town of Gilbert, which has been reimbursing the District for the cost of operating the Perry branch since its opening.

Mr. Pettit noted that the Town of Gilbert is partnering with the Chandler school district.

Mr. Courtright stated that the Gilbert Southeast Regional library is in its fifth year of the agreement and the Town will begin reimbursing the District for 100 percent of the cost, beginning next year.

Mr. Courtright stated that the District has a quality of life fee and they request that master planned communities in the unincorporated portion of the County include this fee in their proposals. He stated that the quality of life fee is currently about $800 and goes into the capital reserve fund for the District and will help provide library services in that development's area. Mr. Courtright advised that he is not authorized to do anything about intergovernmental agreements unless the Library District Board of Directors approves. He added that the Maricopa County Board of Supervisors is the Library District Board of Directors.

Mr. Courtright stated that the reciprocal borrowing program is a purchase of service agreement whereby the District will pay a fee to independent libraries in the County who wish to participate in the program for nonresident who get a library card in their community. He stated that the objective is to ensure that all residents of Maricopa County can use any library in the County without having to pay a fee. Mr. Courtright noted that the City of Glendale is the only jurisdiction that does not participate in the reciprocal borrowing program. He explained the formula for determining the amount reimbursed to jurisdictions for reciprocal borrowing, by saying that they take the most recent report of expenditures by public libraries in Maricopa County, which is compiled by the State Library, and divide the number by the population; this determines the per capita cost, which is the figure the District uses for the reciprocal borrowing reimbursement. He stated that last year it was $29 and this year it will be $26. Mr. Courtright stated that the amount decreased because libraries have less money to spend and the District anticipates this trend for the foreseeable future.

Mr. Courtright reported that the District provides delivery service to all the libraries in Maricopa County. In addition, the District provides electronic resources. He stated that this year the District spent $650,000 on electronic databases, which are available to every public library in the County.

Mr. Courtright stated that the District offers a summer reading program to every public library in Maricopa County that wants to participate and pays all costs of the program. He then summarized the amount of money the District has expended on these programs last year: Reciprocal Borrowing, $1.3 million; Delivery Service: $200,000. Mr. Courtright noted that the District outsources the delivery service.

Mr. Courtright directed the Committee to page two of the material provided by the District and said that it showed the communities that contract with the District and the expenditures covered by the District. He explained the City of El Mirage received about $288,000 in 2009. The District renovated the building and paid the operating costs. Mr. Courtright stated that the Town of Fountain Hills received about $900,000 in FY 2009. He reported that the District operated the Northwest Regional Library in the City of Surprise in FY 2009 at a cost of approximately $2.1 million. Mr. Courtright added that the City of Surprise reimburses the District 100 percent of the operating costs for the District operating the Hollyhock Library. Mr. Courtright stated that the Town of Queen Creek has moved into its new building and the District is paying approximately $1.5 million. He explained that operating costs in the Town of Gilbert were about $2.1 million in FY 2009 and the Town has reimbursed the District for 60 percent of this cost.

Mr. Courtright then explained the electronic resources by saying that the District will convert any public library in Maricopa County to the Polaris System. He noted that those jurisdictions on the list were converted and the City of Mesa is currently in the conversion process at a cost of about $300,000 and an annual fee of about $30,000. He stated that the District recently met with the City of Glendale about Polaris. Mr. Courtright stated that the cost to convert the Glendale system to Polaris would be about $300,000 to $400,000 and an annual cost of $30,000 to $40,000, which the District would pay. Mr. Courtright stated that the District will convert any public library in Maricopa County to the Polaris System. He noted that the cities of Phoenix and Peoria bought the system on their own, not through the District.

Mr. Courtright stated that the City of Avondale signed a five-year agreement with the District, which has spent about $2.2 million to operate the Civic Center facility. He added that the City now has the full responsibility to operate it.

Mr. Courtright stated that the District spent about $36-$37 million to operate the Campbell branch library at 32nd Street in the City of Phoenix since 1991 even though it was within the City boundaries and there was no intergovernmental agreement. He added that the facility was in an unincorporated area when building commenced and during construction, the area was annexed. Mr. Courtright stated that the use of the building was primarily by Phoenix residents. He reported that the District Board of Directors decided it could not continue to operate the facility and offered the building and its contents free of charge to the City, but the City did not accept the offer. Mr. Courtright stated that the Board then decided to close the facility and subsequently sold it to Paradise Valley Community College.

Mr. Courtright stated that the District sent a letter to MAG regarding the MAG proposal on the reciprocal borrowing agreement that the District provide 50 percent of the tax collected in a city back to that city. He reported that the Board is unwilling to do this because it is a purchase of service agreement and needs to be based on cost, such as the reciprocal borrowing formula.

Chair Pentz thanked Mr. Courtright for his report and asked members if they had questions.

Mr. Cavazos stated that all jurisdictions are facing budget reductions and asked Mr. Courtright the percentage budget reduction the District has had over the past couple of years. Mr. Courtright responded that the Board has kept the tax rate flat, which means they have reduced the tax rate every year for the past three years. He further explained that the levy brought in, which is about $20 million, remained flat and they have had a hiring freeze for two years. Mr. Cavazos asked the percent of budget reduction. Mr. Courtright replied their budget has not been reduced and added that the Library District tax is a secondary tax and the new assessments next year will affect the District's revenue. Mr. Courtright stated that over the next three years, the District will lose 30 to 40 percent of its revenue. Hew stated that they project a $3 to $4 million reduction next fiscal year, another $3 to $4 million the next fiscal year, and $1 million the next fiscal year.

Mr. Cavazos stated that the City of Phoenix library budget was reduced 40 to 50 percent this year. He expressed appreciation to the District for the offer of the 32nd Street facility, but the City could not accept because the City could not afford to assume responsibility. Mr. Cavazos stated that Phoenix taxpayers paid $6.7 million to the District budget but received less than $600,000 in services. Given the budget reductions the City has experienced, he asked Mr. Courtright for his input how to get back more than ten percent of what its residents pay in taxes.

Mr. Courtright responded that five cities and towns filed a lawsuit against Maricopa County that said it was illegal for the District to collect taxes in a jurisdiction where there was a public library. He stated that the lawsuit went all the way to the State Supreme Court, which said the intent of the law was that the District could levy a tax on all real estate in the County. Mr. Courtright stated that the District has been asked if it can give money to municipalities. He advised that they have a legal opinion from the State Attorney General that the District cannot give money to municipalities but can pay for services municipal libraries use, which can save municipalities money. Mr. Courtright commented that it is a matter of municipalities asking for something and the District having the money.

Chair Pentz asked if the District could contract with a jurisdiction to provide library services. Mr. Courtright replied yes, an intergovernmental agreement could be done. For example, if Phoenix needed to close a branch because it could not afford to operate it, there could be an intergovernmental agreement and the District could operate it.

Chair Pentz asked why Phoenix could not continue to operate it if they already have staff and the District could contract for that service.

Mr. Courtright replied that if the Board wanted the District to do that and it was legal, the District could do that.

Chair Pentz commented that it was a policy decision. Mr. Courtright replied yes.

Chair Pentz stated that he shared the concerns expressed by the City of Phoenix. He noted that in fiscal year 2008-2009, Chandler taxpayers provided $1.2 million in funding to the District and received $216,000 in benefits. He further added that over the course of eight years, the Chandler taxpayers contributed $7.5 million and received back only $553,000 in benefits. Chair Pentz commented that it seemed like a basic equity issue and asked Mr. Courtright if that was correct.

Mr. Courtright replied that based on the intent of the law that created the District, it says if a community wants to contract with the District to operate a library, as the District does with the Town of Gilbert and the City of Surprise, a municipality could get direct access to money. He stated that there was no provision in the law that says a municipality could provide service and the District will give a municipality the money to pay, as he understands the interpretation by the

District's legal staff. Mr. Courtright stated that the District agrees to examine ways to find a more equitable way to do things, but it would be more in the way of the District paying for things not in giving jurisdictions money.

Chair Pentz commented that it seemed like a legislative change would be necessary. Mr. Courtright added that a policy change by the Board could be another option.

Mr. Meyer asked if there were limitations on what the levy could be for the District. Mr. Courtright replied no. Mr. Meyer asked if the loss in property value does not necessarily reduce income to the District; it depends on the rate. Mr. Courtright replied yes.

Mr. Meyer commented that there is a structural problem: a majority of residents pay Library District taxes and are not being directly served by the District. He asked if there was any prohibition in the law from setting differential rates in various parts of the District that are served and unserved. Mr. Courtright replied that he had never been asked that question and did not know the answer, however, he would check with the District's legal staff and would get back with an answer.

Mr. Cavazos thanked Mr. Courtright for coming to the meeting. He indicated that he thought meetings were needed on this, to narrow the gap between what a municipality pays and the benefits received. Mr. Cavazos stated that cities are facing draconian reductions and anything the District could do to help would be appreciated. He added that Dennis Smith had indicated he would do what he could to encourage that discussion.

Mr. Beasley asked for clarification if a change in policy or change in law would be needed. Mr. Courtright giving money to operate a branch would be an example of a policy decision by the Board if they felt it was legal. For the tax to not be collected in a jurisdiction would require a change in the law.

Mr. Beasley asked if the first step would be to have a policy discussion with the Board, get their support, then have a resolution to change the law. Mr. Courtright replied that from his discussions with the Board, he felt it was unlikely that the Board would be interested in changing the law.

Mr. Beasley commented that this is a 1970s law and a 1970s legal opinion that are being discussed.

Chair Pentz asked if there were other Library Districts in the State that provide funding or contact with cities for the operation of libraries. Mr. Courtright replied that the only one similar to this region is Pima County, but the Library District never ran the District but had an agreement with the City of Tucson and, which ran the Library District. He added that all library employees were City employees. Mr. Courtright explained that the District reimbursed the City for operating the District. He stated that about three years ago, there was an agreement between the Library District and the City of Tucson and the District assumed operating and funding of all public libraries in Pima County, including those in Tucson. Mr. Courtright continued that the system is one integrated library system and all employees are County employees paid for by the District. He added that there is one independent library in Pima County and the District pays 50 percent of the cost of operating that library. Mr. Courtright stated that credits are given in smaller counties, for example, $5,000 is given to a library to purchase materials. He commented that this could be done in this region.

Chair Pentz asked if the District could purchase and pay for books, videos, and computers. Mr. Courtright replied that was correct, and the District could even provide furniture, and this they have been told is within what the law allows.

12. Request for Future Agenda Items

Topics or issues of interest that the Management Committee would like to have considered for discussion at a future meeting will be requested.

No requests were noted.

13. Comments from the Committee

An opportunity will be provided for Management Committee members to present a brief summary of current events. The Management Committee is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments were noted.

14. Adjournment

There being no further business, Mr. Kross moved to adjourn, Mr. Pettit seconded, and the meeting adjourned at 1:35 p.m.

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Chair

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Secretary